

Message Text

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43

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 FRB-03

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LAB-04 SIL-01 OMB-01 SCS-03 SCA-01 DODE-00 PM-03 H-01

L-02 NSC-05 PA-01 PRS-01 SS-15 USIA-06 A-01 OPR-01

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FM AMEMBASSY LISBON

TO SECSTATE WASHDC PRIORITY 1833

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E.O. 11652: N/A

TAGS: ECON, ELAB, PO

SUBJ: U.S. SALES SUBSIDIARIES IN LABOR TROUBLE

1. SUMMARY: TWO INDIRECT SALES SUBSIDIARIES OF CHEMSEARCH CORP., DALLAS, TEXAS, ARE ENGAGED IN DISPUTE OVER PROPOSED DISMISSAL OF 41 OUT OF 105 EMPLOYEES. TWO ACTING MANAGERS (ONE AMERICAN) PREVENTED FROM LEAVING COUNTRY TO RETURN TO MADRID OFFICES. EMBASSY ATTEMPTING CLARIFY THEIR LEGAL STATUS. MENAWHILE, MINORITY OF WORKERS OCCUPYING PREMISES AND PICKETING HOTEL, WHILE MANGEMENT REFUSING FURTHER NEGOTIATIONS. END SUMMARY.

2. TWO LOCAL CHEMICAL PRODUCTS DISTRIBUTING FIRMS (JOINTLY MANAGED), CURRENTLY ARE INVOLVED IN HEATED DISPUTE OVER PRO- JECTED DISMISSAL OF 41 OF 105 WORKERS. PROQUICHEME AND CERTIFIED ARE SUBSIDIARIES OF SPANISH FIRM CHEMSEARCH ESPANOLA, S.A., WHICH IS 70 PERCENT OWNED BY CHEMSEARCH CORP., OF DALLAS, TEXAS.

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3. AMERICAN OFFICIAL ALF A. JOHNSEN OF CHEMSEARCH ESPANOLA,

WHO WITH SPANISH COLLEAGUE IS ACTING AS NON-RESIDENT MANAGER OF LOCAL FIRMS, CONTACTED EMBASSY FEBRUARY 20. ACCORDING TO HIM, FIRM HAS MET MANY WORKER DEMANDS SINCE APRIL 25, INCLUDING "SANEAMIENTO" OF GENERAL MANAGER (NOT REPLACED) AND CHANGE FROM COMMISSION TO SALARY BASIS FOR SALES FORCE. LATTER CHANGE CAUSED LARGE DROP IN SALES MADE BY A MINORITY OF SALESMEN, WHO BLAMED DROP ON LOW STOCK LEVEL. IN RESPONSE, FIRM INCREASED INVENTORIES BY DOLS 300,000 TO PRESENT DOLS 1 MILLION LEVEL. HOWEVER, CONTINUED DROP CAUSED DECISION TO MAKE DISMISSALS.

4. TWO ACTING MANAGERS WERE CALLED FROM MADRID ON FEBRUARY 18 TO NEGOTIATE WITH WORKERS. LATTER SPLIT, WITH MAJORITY SIGNING AGREEMENT, BUT MINORITY APPEALING (THROUGH UNION REP) TO LABOR MINISTRY. MANAGERS ONLY APPRISED OF THIS FEBRUARY 20 WHEN AT AIRPORT THEY WERE TOLD BY COPCON THEY COULDN'T LEAVE COUNTRY AND WERE ASKED TO GO TO MINISTRY OF LABOR.

5. MOST OF FEB. 20 SPENT IN WHAT JOHNSEN DESCRIBED AS INCREASINGLY POLITICAL ARGUMENTS. ACCORDING TO HIM, UNION REPRESENTATIVE CLEARLY INFLAMMATORY WHILE MINISTRY REPRESENTATIVE WAS IMPARTIAL. ARGUMENTS CENTERED ON GUARANTEE FOR INDEMNIZATION OF THOSE DISMISSED, WITH UNION REP WARNING AGAINST ANOTHER "APPLIED MAGNETICS," CASE IN WHICH MANAGER LEFT WITHOUT PAYMENT OF WORKERS' INDEMNITIES. APPARENT AGREEMENT FINALLY REACHED WITH MANAGEMENT'S OFFER TO DEPOSIT DOLS 20,000 CERTIFIED CHECK WITH LABOR MINISTRY. HOWEVER, WHEN MANAGERS RETURNED WITH CHECK, WORKERS HAD GREATLY ESCALATED MONEY DEMANDS, LEAVING SITUATION AT IMPASSE.

6. MANAGERS CHANGED HOTELS BECAUSE OF WORKER SURVEILLANCE, BUT NEW ABODE PICKETED SINCE THIS MORNING. FIRM'S PREMIES OCCUPIED BY MINORITY AT SAME TIME. JOHNSEN CLAIMS MAJORITY WORKERS HAVE BEEN TALKING WITH DISSIDENTS AND TRYING TO PROMOTE SOLUTION. HE IS FEARFUL OF CONFRONTATION.

7. AT MEETING WITH LABOR MINISTRY REPRESENTATIVE THIS MORNING JOHNSEN WAS TOLD BAN ON LEAVING COUNTRY WAS STILL IN EFFECT. BOTH U.S. AND SPANISH EMBASSIES HAVE CONTACTED FONOFF FOR CLARIFICATION OF SITUATION. JOHNSEN CLAIMS COMPANY HAS GONE MUCH FURTHER THAN REQUIRED BY RECENTLY-ENACTED LAW ON COLLECTED OFFICIAL USE

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TIVE DISMISSALS. ON BASIS THAT FURTHER NEGOTIATIONS USELESS, MANAGERS REFUSED TO ATTEND AFTERNOON MEETING AT LABOR MINISTRY AND SENT ONLY LAWYERS. SITUATION CURRENTLY AT IMPASSE PENDING CLARIFICATION.
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